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TABLE OF CONTENTS

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**** It is proposed to publish from time to time in Lloyds Bank Monthly Review signed articles by economists of standing, affording opportunities to exponents of different theories to state their case. The Bank is not necessarily in agreement with the views expressed in such signed articles.*

The Economic Situation in Great Britain and in France

By Frédéric Jenny (Financial Editor of "Le Temps").

Gold and Unemployment

THE economic and monetary situations in Great Britain and in France have during the last few years shown marked contrasts, which have provoked serious discussion on both sides of the Channel. Everybody is aware of these contrasts, which have manifested themselves mainly in regard to gold movements and unemployment.

Between the end of 1928 and the 31st January, 1931, the Bank of England lost £20,000,000 of gold, in spite of the large quantities of gold imports during that period from Australia, South America and the Cape. On the other hand, the Banque de France was able during that period to increase its metallic reserves from 32 to 55 milliards of francs,* representing an increase of 23 milliards of francs, or £185,500,000. Whence this plethora in Paris and penury in London?

There are at present in England approximately 2,600,000 unemployed; a year ago there were 1,300,000, and 1,500,000 at the end of 1928.

In France, at the beginning of April, the official statistics still indicated only 50,000, and from the monetary stabilisation of 1927, up to October, 1930, the unemployment figures have never exceeded 2,000. It is true that the statistics refer only

* 56 milliards in April, 1931.

to unemployed in receipt of unemployment pay, from which fact the conclusion may be drawn that the figures are an under-estimate. According to indications furnished by the Labour Minister to Parliament, the true unemployment totals would appear to be three times the official figure. They would amount to 350,000, to which might be added another million not in full-time employment, according to information given to the International Labour Bureau at Geneva. Yet, even admitting that this last information is correct, the situation would still be infinitely better in France than in Great Britain. Whence does this difference, that has already existed for a number of years, originate?

It is worth while examining closely why the world crisis only reached France a few months ago, and then in a comparatively mild form, whereas it affects England severely, and is super-imposed there upon a specifically British crisis, which dates from a long time before.

These questions are asked on all sides, and while replies are not lacking they differ greatly. The contradictory phenomena are explained by many different conceptions, theories, or personal inclinations. Only an impartial examination of the facts will yield the truth, and will prove that however complicated the facts may be, they are composed of elements that have nothing mysterious or incomprehensible about them.

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Let us first of all consider the exodus of gold from England, and its influx into France. We are here face to face with a problem, whose origin it is logical to assume is chiefly monetary. It may be affirmed that such is actually the case, specifying however that these causes, in so far as they have exercised an unfavourable influence on the gold reserve of the Bank of England, have made themselves felt all the more acutely because the economic balance of Great Britain has become much weaker during the last few years, by the decrease in trade exports—of which more anon.

In order to explain the recent imports of gold into France, we must go back to the period during which the franc was depreciating. At that time, as is always the case when the value of the monetary unit depreciates, many French capitalists were anxious to avoid losses, and so transferred their funds to countries with a stable currency, like Great Britain. For the

same reason, exporters, whose business flourished owing to the depreciation of the national currency—or, to be more exact, owing to the difference resulting between purchasing power at home and abroad—left in foreign countries the proceeds of their sale. In this way enormous French balances were built up abroad, without taking into account those balances which accumulated later, in favour of the Banque de France and the French Treasury, after the stabilisation *de facto* of the franc.

After the franc was legally stabilised, and confidence in French currency began to return, some of these funds were gradually repatriated. The rate of withdrawal was of course accelerated at each sign of stringency on the French money market.

Such pressure occurred several times during 1930—first, when the public were invited to subscribe for shares of the Bank for International Settlements, and to the Young Loan; subsequently—and chiefly—during the last few months of 1930, when the failure of certain financial establishments created amongst bank clients an unrest that led to the withdrawal of bank deposits. In order to stave off a possible crisis, nearly all the banks felt the necessity of increasing their liquidity, and did so by bringing funds home from abroad.

To sum up, it might be said that the progressive repatriation of French funds during the periods of monetary unsettlement was the principal cause of the enormous excess of the French balance of payments, and of the influx of gold by which all these balances were settled.

Another fact also played a certain part—less important, but worth mentioning. With the increase of the gold holdings of the Banque de France, the franc became a more and more solidly guaranteed currency, inspiring confidence not only in France but abroad. The result of this was that many foreign capitalists, anxious to escape from the risks attached to their own currencies, or to avoid taxation, transferred part of their funds to France. Other countries, such as Switzerland, also proved a magnet for foreign capital.

Let us now consider the question from the English point of view. Why is it precisely England that has lost so much gold? We believe it is because London made no effort to retain French money. Furthermore, it is not impossible—and perhaps not improbable—that a general policy, much inspired by socialistic doctrines, has caused certain British funds to escape

abroad, and that this outward flow of capital has at times aggravated the deficit of the balance of payments. It is not suggested, however, that this was the preponderating reason for the efflux of gold. The principal cause is rather to be found in the monetary policy pursued by England during the last few years.

That policy was essentially one of cheap money and of credit expansion. The official rate of discount, which was reduced from 5 to 4½ per cent in April, 1927, was maintained at that level for nearly two years, and this notwithstanding the fact that the Federal Reserve Bank of New York increased its rate to 5 per cent in July, 1928. As a result, foreigners requiring credits or funds had recourse to London in a large measure, since they could borrow there on relatively favourable terms. We can trace this in the balance sheets of the clearing banks, where the monthly figures for acceptances, endorsements, etc., increased from £97,000,000 in 1927 to £166,000,000 in 1928, and to over £228,000,000 in the first quarter of 1929. Thus, in two years they had more than doubled.

It is true that the defensive measures London had to take in 1929, against both the repercussions of the speculative boom in Wall Street, and the attraction which the American market had at that time for the liquid funds of the world, resulted in a temporary tightening of money rates. It will be remembered that the Bank of England increased its rate to 5½ per cent in February, 1929, and to 6½ per cent in September of that year. But immediately after the slump on the New York stock exchange, the rate was reduced. By the end of 1929 it was back again at 5 per cent and since has been progressively reduced to 3 per cent, the present rate. The "private" or market discount rate, i.e., the rate that directly interests the capitalists, fell still further, and during the second half of 1930 and the first few weeks of the present year, it hovered in the neighbourhood of 2 per cent. It must be admitted that this rate was no longer effective in retaining French balances, as soon as a demand for liquid capital arose in France. We have here the immediate cause of capital movements, with the consequent flow of gold from London to Paris.

Certainly, more than one reason existed for maintaining cheap money, and the reasons were not only economic but related to Exchequer requirements on which it is unnecessary to enlarge. Unfortunately, the low interest rates had the effect

of driving floating balances from London, particularly in view of the fact that the economic crisis, which had greatly reduced capital requirements, resulted in a superabundance of liquid funds.

Reference is made frequently, but erroneously, to the " policy " of the Banque de France. This policy has certainly been misunderstood. It was not in the interests of the bank to increase its supply of gold to the extent of its present holding. In order to purchase the gold offered to it—such purchase being compulsory—the bank had to create francs, either in the form of notes or credits, the latter sooner or later being turned into notes. In this way, the fiduciary issue was inflated during 1930 alone by 10 milliards of francs, i.e., by about £80,000,000 or 15 per cent. It should be clearly understood in England that a country whose currency has lost four-fifths of its former value fears inflation. The bank of issue, as well as public opinion and the authorities, could not contemplate without anxiety the constant increase in the note issue. The newly-issued notes were no doubt fully backed by gold, but it was still feared, and not entirely without reason, that the increased note issue would have a regrettable effect upon the cost of living.

Far from encouraging the import of gold, efforts have been made to check its influx. To this end the Banque de France has lowered its rate of discount to 2 per cent, and contributed actively, a little over a year ago, to the creation of the French Acceptance Bank, whose principal role was to grant acceptance credits abroad. The Government asked Parliament for, and obtained last spring, a reduction from 25 per cent to 18 per cent in the income tax on foreign securities, and from 4 per cent to 1 per cent in the stamp duty on such securities, in order to facilitate the introduction into France of international securities, or the issue of foreign loans, thus stimulating an export of capital which would stop the influx of gold, and might even lead to an efflux.

All these measures, it is true, have not yet shown appreciable results. Why ? First of all, it is not sufficient in order to arrange foreign loans or introduce foreign securities, that the Government, the Banque de France, and even credit institutions, should be favourably disposed towards such measures. It is also necessary—and this is essential—that the public should be ready to buy the bonds of these loans, or other securities introduced. The public, however, in view of recent happenings, has rejected this type of investment.

The public is asked to lend its savings abroad. But to whom? To countries whose economic, political and financial positions often inspire no confidence. As a result of its unfortunate experience with Russian, Turkish and other investments, the public is now difficult to satisfy. The first large operation carried through last year—we refer to the Young Loan—has already caused disappointment, seeing that the bonds, although well secured, have depreciated considerably.

Doubtless, if the names of debtors whose credit is above all suspicion, such as the State, or large British Corporations, were proposed to French investors, no difficulty would be experienced. But nations that enjoy undisputed credit are either not in any need of foreign loans, or do not desire to obtain any. The ideal debtor for whom one has so far sought in vain, is therefore very difficult to find. In his absence, it is necessary to obtain such guarantees as would give the French public that feeling of security it requires, otherwise the operations in question will inevitably be unsuccessful. Guarantees such as would be deemed satisfactory do not yet appear to have been defined, nor " a fortiori " accepted by the borrowers.

Similar obstacles have been met with as regards the introduction on the French markets of existing international securities, the sale of which would constitute another method of inducing the export abroad of surplus funds. Financial markets everywhere have been subject to severe depression. In France, for over two years, savings have had no satisfactory outlet in the national market and conditions on foreign bourses have filled French investors with such distrust that they dare not purchase securities dealt in on such markets. Banks that might be disposed to introduce securities know that their offers would not meet with response from the capitalist class, and are in consequence holding back until more favourable circumstances present themselves.

This explains why the balance of payments in favour of France has, up to the present time, not been re-exported, and why gold that has found its way into France has been accumulating there.

Would it not have been possible to have prevented this gold entering in such large quantities, by inducing French banks to leave abroad—especially in London—a larger part of their floating balances, until conditions would again justify the investment abroad of long term French deposits? It has been

frequently stated that the recalling of funds which has occurred lately was occasioned chiefly by the deficient organization of the French money market. That was perhaps true to a certain extent in the past, specially towards the end of 1929 when the Treasury and the "Caisse autonome d'amortissement," by accumulating and withdrawing from circulation liquid reserves then aggregating 12 or 13 milliards of francs, had heavily reduced the liquid balances available on the money market. Call money had become very scarce, and at certain maturities French banks had seen themselves compelled to recall large funds from abroad at short notice. This led to the introduction by the Bank of France of certain measures to ensure more elastic conditions in the call money market. The Bank decided, for instance, to take for rediscount bills for a period of seven days only and to return them then to their presenters (an operation it had never previously undertaken), thus making it easier for the private banks to augment their cash position when heavy maturities had to be met.

This decision in the main is a substitute for the open market policy of the Bank of England, i.e., the purchase of bills when money is scarce, a practice which, in view of its statutes, the Bank of France is not allowed to follow. The steps taken by the Bank of France thus form part of the measures adopted to restrict the influx of gold.

However, the rediscounting of bills referred to above, like other measures, as, for instance, the progressive lowering of the discount rate, proved at the time unavailing, and at the time of the banking crisis in France during the closing months of 1930, it was again apparent that financial institutions preferred to recall their foreign balances rather than to rediscount their portfolio with the bank of issue. The reason for movements of funds is now no longer to be found in a defective working of the internal money market. These were essentially due to the cause already mentioned: namely, the very low level of the market discount rate in London, which made it more advantageous for the French banks to recall funds from abroad than to rediscount bills with the Bank of France. It is natural that, in such circumstances, they should have chosen the less onerous alternative.

Furthermore, proof was soon forthcoming of the importance money rates had at that time. Towards the end of January, the Bank of England intervened in the money market in order to

curtail the funds available, and this resulted in a slow but steady increase in market discount rates, the latter rising little by little from 2 per cent to 2⅜ per cent. Forthwith foreign balances flowed back to England, the sterling exchange rate in Paris rose above the gold point, and from the beginning of February the Bank of England no longer had to sell gold.*

In short, one can say as regards the movements of gold in London and Paris :—

(1) That gold imports into France were the result of an accumulation of French balances abroad—an accumulation due to a large extent to the monetary troubles of the period 1923–1926—and of the subsequent recall of such balances which a general lack of confidence had prevented from being invested abroad at long term. Furthermore, this recall was accelerated by the fact that external money rates had been too unremunerative to retain French floating balances on the chief foreign money markets, such as London, where confidence had not been shaken.

(2) That the English gold exports must consequently be ascribed mainly to the excessively low interest rates ruling in England, and also to the large foreign credits granted by that country, especially in 1928–1929. These credits led to continuous sales of sterling by the borrowing countries, which weighed heavily on the English general balance of accounts, already seriously affected by an increasing adverse foreign trade balance.

(3) That in the present circumstances the keeping up of a relatively small margin between the private or market discount rates obtaining in London and Paris, must suffice to prevent abnormal movements of gold. This holds good whilst awaiting a return of confidence in other European countries and the putting into operation of effective guarantees which would succeed in overcoming

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* Developments during the past three months have confirmed the efficacy of the monetary policy of the Bank of England. The maintenance of the London market discount rate at about 2½ per cent. has enabled the Bank of England to buy gold and has raised the Paris exchange rate to above par. The flow of gold to France has gradually ceased, and lately shipments of gold from France have taken place for the first time for more than a year. As the Banque de France could have sold part of its foreign exchange holdings and so have prevented gold shipments from taking place, its failure to do so proves that it is not disposed to place any obstacle in the way of the normal working of the gold standard, or to check an outflow of gold if and when the international movement of funds is reversed.

the hostility shown by the French public towards foreign investments. It is also necessary to follow in France a policy tending to an active resumption in such investments, thus relieving the London market of this duty, and at the same time increasing the purchasing power of many countries that are suffering from lack of capital.

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A comparison of the condition of unemployment in England with that in France involves the consideration of general economic conditions. For unemployment is far more a symptom than an independent phenomenon ; it is a symptom of decreased activity and of economic stagnation. It will, however, again appear that monetary questions have played a most important part.

The general economic structure of the two countries explains to a certain extent the differences which their respective positions entail. France is a country whose production and national consumption balance fairly well and where also harmony, rarely found elsewhere, exists between the different branches of production, more particularly between agriculture and industry. France produces staple agricultural crops in abundance, and more particularly cereals ; but, generally speaking, she very seldom produces more than she requires for her internal consumption. Thus the authorities were enabled to shelter by protective measures the large rural population from the world-wide agricultural crisis. Comparatively high prices have been maintained for the principal crops, and the result has been that the French farmers have on the whole suffered less from the general discomfiture than have those of other countries. Consequently, they have been able to retain their purchasing power and to continue practically without interruption their usual scope of activity, and this, of course, has been to the advantage of national industry. Industry has also benefited from other causes that have promoted business activity during the last years, although this may have been due to exceptional circumstances such as the war and the ensuing monetary disturbance.

In most belligerent countries the efforts of industry during the war were directed principally to destructive ends only, but in France hostilities took place on national territory, an important part of which was invaded. After the war the reparation of damages became a source of activity for those industries which

had not been affected, but even in those regions which had escaped invasion plants had to be renovated and perfected after a long period during which the energy of the country had been directed to national defence. Then came an obstacle; inflation, the drop of the franc and with it the difficulty the various industries found in procuring on reasonable terms the large resources which the work of restoration demanded. Monetary troubles did not end until 1928 when the legal stabilisation of the franc took place, and it was only then that industry could make up for the time which had been lost through the monetary crisis. This explains why the years 1928 to 1929 and even 1930, were characterised by great activity, due mainly to orders emanating from the various industries themselves.

During the years which had immediately preceded this period of monetary "renaissance" and reconditioning of the economic machinery, that is to say, at the time of the fall of the franc, it was foreign demand, stimulated by the relatively low level of French prices, which had been largely responsible for the activity of the national industries. Thus, industrial producers were able to survive the troublous period of 10 years under conditions which were comparatively favourable, for they could take advantage first of the foreign markets and then of home demand, the latter being sustained by the favourable position of French agriculture to which reference has already been made.

These are the principal reasons why, until the end of last year, unemployment was little felt in France—in fact, even as recently as a year ago entries of foreign workers into France were in excess of departures. Generally speaking the effects of the economic world crisis were felt later and to a lesser degree than was the case in other countries; nor should it be lost sight of that, owing to its economic structure, France depends less than other countries on international markets. Foreign commerce, while of course having its importance, is of secondary consideration in regard to questions of internal economic evolution. This was especially the case during these last years when certain special features which we have already mentioned had to be taken into account. There was a tendency, it would appear, to overlook certain signs which were evident from the statistics of foreign exchanges, and which for some time have been far from satisfactory.

If we consider the economic structure of Great Britain we

are faced with an entirely different situation. England depends essentially on international markets. She is obliged to buy abroad a large part of the crops which her population consume; she buys raw material which she turns into the finished article, the export of which is necessary to pay for indispensable imports. Industry means more to her than agriculture. There is no balance between the two, as is the case in France. Commercial prosperity abroad is therefore of the greatest importance to Great Britain. To realise this it is sufficient to point out that during the comparatively poor year of 1929 exports of British products represented in value, about £730 millions, i.e., about 90 milliard francs, whilst the French exports, notwithstanding the still favourable money conditions, did not exceed 50 milliards. In 1930—a most unfavourable year—British exports, fallen to £570 millions, represented still the equivalent of 71 milliard francs, while French exports were reduced to under 43 milliards. It is, therefore, evident that English industry works for export trade to a very much greater extent than French industry. In order to maintain normal conditions, British industry *has to produce largely for the export trade.*

This explains why Great Britain has suffered at an earlier stage and to a greater extent than France from the economic crisis. This crisis has in fact considerably reduced the buying capacity of most of the world's markets. English economic life has for this reason suffered a deep depression, as foreign markets are a prime necessity for its trade and industry. Trade in France has also been affected but far less severely, as not only is the need to export not so vital a question for France as for England, but internal trade enjoyed during the last years the benefit of special circumstances already referred to which did not exist in Great Britain.

The weakening of the purchasing power of certain Eastern and Far Eastern markets—due to the troubled political conditions, and to the fall in the price of silver—has affected Great Britain to a greater extent than France. India and China, were formerly among the best customers of British industry; the textile industry is specially hard hit by the reduction of purchases by these countries. English exports to Russia, Turkey and China have fallen during 1913–1930 from £115 millions to £74 millions, representing a fall of £41 millions or 35 per cent.

It may be assumed that this depression is only temporary, and that, in fact, sooner or later British trade with these countries

will improve, but there is another unfavourable factor which threatens to have a more lasting influence, namely, the progressive replacement of coal by other products such as petrol. The mineral wealth of Great Britain has been one of the chief sources of her prosperity. From the point of view of her export trade the reduction between 1913–1930 from 94 millions to 70 millions tons of coal exports, including bunker coal, constitutes a serious loss.

Besides the difficulties enumerated, further embarrassments have arisen from monetary considerations and also from social policies which have handicapped Great Britain in general and her industry in particular. There is no doubt that the origin of the difficulties lies here and not in the severe crisis which crippled English economic life in 1930 and which is obviously the result of the world-wide depression. This has merely served to accentuate the chronic difficulties from which Great Britain has suffered for several years. It is evident that the revalorisation of the pound sterling and the return to the gold standard in April, 1925, on the basis of the pre-war value of the pound sterling have had a most important influence on the economic conditions of Great Britain, and there is no gainsaying the fact that this influence has been clearly unfavourable. We must admit that the policy followed in this respect has been most courageous. As the depreciation of the English pound has hardly exceeded 20 per cent in comparison with gold, the wish to re-establish the pound to parity is both comprehensible and logical. This policy, however, entailed heavy sacrifices and required a big effort from all engaged in British industry. With the pound re-established at par it was clear that the financial burden would become terribly difficult to support on account of the enormous debt contracted during the war. It was also certain that prices would fall and that consequently wages would have to follow suit, lest industry be condemned to work practically without profit or even at a loss.

Britain has followed tradition, thus upholding the prestige of the City of London, although the path was thorny. In order to make progress it became essential to economise in public expenditure and to reduce wages, otherwise national activity would be impeded and paralysed by excessive costs, which would be more detrimental to Great Britain since this country depends in a very large measure on its international trade. It seems, however, that having adopted this policy, the obstacles that

presented themselves were neither seen nor countered. This is the fundamental evil from which Great Britain suffers.

In re-establishing the pound sterling to parity, Great Britain has assumed a heavy debt. The burden of all taxes still exceeds 800 million pounds; in 1913 the amount was only 198 million pounds. It is, therefore, four times as large as before the war. The service of the national debt has increased tenfold, and it requires to-day 360 million pounds against 37½ million pounds in 1913. The State collects in Income Tax and Super Tax more than 300 million pounds, viz., seven times the amount of that in 1913. Such burdens obviously render the task of industry very difficult. The cost of production abnormally increased by taxes, should have been compensated by savings, but this was not done.

The chief difficulty was to be found in the question of wages, which are the main item in the costs of production. If they were to be maintained at the level at which they were before the re-establishment of the currency and the return to the gold standard, the position of industry, already serious by reason of fiscal charges, would become untenable. Experience showed, that it is precisely wages that always offer great resistance to the movement of prices, just as price movements themselves are always lagging behind fluctuations in the currency and the exchanges.

It must, therefore, be recognised that no serious effort was made to overcome this inertia with regard to wages. Whilst, from 1924 to 1929 the wholesale price index, drawn up by the Board of Trade, dropped from 166 to 137, and under the influence of the crisis was later brought nearer and nearer to the pre-war level, and whilst the Ministry of Labour's cost of living index fell from 171 in 1924 to 163 in 1929, to reach subsequently about 150, wages were not altered. In 1929, we find the index figure 195 for sheltered industries, and 162 for those affected by international competition, that is almost at the average level of the two years preceding the return to the gold standard. And since 1929 there has as yet been no appreciable change. In view of the fall in prices since 1924, therefore, *actual* wages are at present higher than they were then; they are also nearly twice those of the pre-war period in sheltered industries, and about 60 per cent higher in other industries.

It is easy to see how, with such fiscal charges, and such wages, the margin of profit in industry became less. That is

the real reason for the economic stagnation. How could it be expected, under such conditions, that available capital would be invested in industry, and that the heads of industries would endeavour to re-organise and modernise their concerns, a procedure which is just as necessary in Great Britain, as it was in France? In other words, wages have not yet been brought into line with the cost of production imposed by world competition, and with this important element in their costs kept up too high, those responsible for the direction of industry have received no encouragement to make the necessary efforts prescribed by the re-establishment of the gold standard. No effort is made when it is recognised that industry *no longer pays*. To complete this vicious circle, the slackening thus occasioned resulted directly in a decrease of the number of workers employed; the cost of labour being too great, unemployment increased.

Normally, necessity and privation should have stimulated energy and induced the workers, like the employers, to agree to the indispensable sacrifices. Why did not this come about? Because the authorities, far from facilitating this evolution, prevented it by a social policy tending to paralyse energy much more than to awaken it. Not only has this policy imposed on industry very heavy social burdens which in turn have affected production costs, thus making the situation still more difficult, but the so-called insurance against unemployment, the abuse of which in England is too well known to need dwelling on, has incited workers to idleness rather than to a search for work. Everything has been done, therefore, to place obstacles in the way and, in addition, the cost of unemployment insurance has given rise to a grave financial danger, since, in addition to the contributions of the employers and their staffs, it to-day draws from the Exchequer a huge amount of the order of 100 million pounds, that is more than 12 milliards of francs per annum.

Let us now see how the monetary evolution influenced the situation in France. It is known that, after a progressive depreciation of the franc and an acute crisis which in 1926 threatened completely to annihilate French currency, the franc had to be stabilised, i.e., devalorised to one-fifth of its pre-war value. That decision, imposed by necessity, was not made lightly. It involved the definite elimination of four-fifths of all debts in French currency, in particular of State funds. This was a terrible blow to national savings. What had made it

inevitable was, in the first place, the great inflation of the public debt, both during the war and afterwards during the restoration of the devastated regions, towards which Germany paid but a small contribution; and, secondly, the depreciation of the franc itself. A currency that has already lost 80 per cent of its value cannot, in practice, be restored to parity.

The devalorisation, consequent on the war and the immense financial efforts thereby necessitated, has at least resulted in some advantages to the country from the economic point of view. It was possible to calculate the value of the new franc so as not to make the weight of debt too crushing. On the other hand, when it was fixed, French internal prices and wages were still distinctly below the world level, so that, as regards international competition, France had, after the return to the gold standard, a definite though temporary advantage, which at least saved her from a too sudden contraction in her export trade.

If we consider the index figures for wages, we see that in 1929 for men, they were 685 in French towns other than Paris, and 624 for Paris. These figures are expressed in national currency, and so are equivalent to gold index figures of 137 and 125, respectively.* These, it will be seen, are much lower than the corresponding index figures current in Great Britain, not only for sheltered industries (195) but also for the others (162). Further, the French figures apply to daily wages and the English to weekly wages; so that there has still to be taken into account the number of hours worked per week, which is often lower in England than in France. This difference cannot be exactly measured, but nevertheless has the effect of accentuating the already considerable difference between the French and British index figures.

Generally speaking social charges are lower in France than in Great Britain, but material is lacking which would enable us to make a useful comparison. It must, however, be added that these charges have been considerably increased in France owing to the compulsory social insurances (old age, illness, etc.), which were brought into force last year. Estimates as to what this reform will cost the country vary very much, but it will

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* The corresponding figures for 1930, published recently, are: 732 for towns other than Paris and 668 for Paris, equal to 146·50 and 134 on a gold basis. Although they remain appreciably below the English index figures, they have drawn nearer to them, thus confirming the opinion expressed below as to the ephemeral character of the economic advantages resulting from the depreciation of the currency.

certainly cost the workers, employers a.d the taxpayer together considerably less than the unemployment insurance (which does not exist in France) costs the State alone in England.

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We have indicated frankly what appears to us to be the real causes of the contrasts which exist between the economic situation of France and Great Britain. These contrasts call for some general remarks with which we will conclude.

We have seen that these contrasts were largely monetary in their origin and were caused to a great extent by the re-valuation of the pound sterling and the de-valuation of the franc : but if the cause of the malady from which British industry suffers is largely monetary, it cannot be remedied by monetary means. It is on economic and social grounds that the struggle must inevitably take place.

English monetary experts appear to have thought for a long time that a monetary solution would come from outside. It is quite possible this hope was one of the reasons why a reduction of wages was not undertaken at the proper time. It was thought—or England wished to think—that a systematic policy of credit expansion abroad, especially in the United States, would cause a general and progressive rise in world price-levels, thus causing a depreciation of gold as compared to goods. Such a movement would have favoured Great Britain ; it would have enabled her to avoid efforts to reduce wages, because wages abroad would eventually have followed the same movement and thus the state of inferiority, in which English industry found itself as compared with its foreign competitors owing to the re-valuation of the pound sterling, would have given way to a state of equality, without any initiative on the part of Britain.

This hope disappeared with the world crisis. This crisis did not cause only a momentary collapse in prices, but in view of over-production, or rather the increase of productive capacity, arising from technical progress since the war and by the abuse of credit, it is probable that the need of absorbing excess stocks past and future will cause a more or less long period of low prices approximate to those ruling before the war. There is, further, a risk that the inferiority of Great Britain may be aggravated indefinitely unless taken in hand.

As regards monetary measures, the only " remedy " would be to de-value the pound sterling after having brought it to par.

Nobody in England or abroad has ever seriously thought that England would think of having recourse to this remedy. It would be contrary to her tradition, and damaging to her credit. It would be a mistake to think that expedients of this nature could exercise a salutary and lasting influence on the economic conditions of a country. If the pound sterling goes down, prices will not be slow to rise, wages will follow and finally one will be in the same position as before.

What happened in France is very interesting in this respect. When at the end of 1926 the value of the franc was fixed at its present level, prices and wages were still much below the world level and the budget did not appear to be too heavy, since receipts each month from taxation exceeded estimates by some hundreds of millions of francs.

Now that prices have more or less reached international levels, the difficulties of exporters are clearly demonstrated, for the advantages which they had at the time of stabilisation have practically disappeared. As regards public finance the change is even more significant. In three years (from 1927 to 1930) the expenses of the State have increased by more than 11 milliards, say, by 30 per cent: the budget surplus has completely disappeared and a deficit is threatened.

The financial and economic stratagem of de-valuing the money is deceptive because it is ephemeral, it encourages all sorts of expenditure and hides the need for effort until the margins left, owing to low prices as compared with those abroad, and the budget surpluses, are exhausted.

It can thus be seen that the real remedy for the English difficulties cannot be of a monetary kind, neither can it be a question of tariffs because as England depends essentially on international markets, she must endeavour to lower her international prices, and protection has the contrary result. Monetary palliatives and protection are measures which have the same effect on the country as poison does on the human body, either easing the pain and sapping energy, or else acting as an artificial stimulant followed by greater weakness. France, as we have previously said, has been able to reinforce its protective measures, especially in favour of agriculture, without suffering any damage. This is due to the special conditions which favoured her during the last few years, but it is by no means certain that she will not suffer the consequences later on as she has greatly increased her industrial productive capacity since the war. When she has

finished the restoration of her industrial equipment she will have need of larger foreign outlets than formerly, and in order to enable her to compete in foreign markets, excessive prices for agricultural products and high wages must be avoided.

We are convinced that Great Britain will emerge victoriously from her present difficulties by the adjustment of wages, the revision of social charges, and strict economy in public expenditure, which will be followed by the reorganization of her industries. How will this change come about? How will the present inertia be followed by activity? We think that action will be brought about by the present financial menace caused by unemployment insurance. The abuses which have been committed in this direction (and which to the eye of an impartial observer appear to be the first thing to be tackled to bring about a normal state of affairs) have brought things to such a pass that drastic changes cannot long be delayed.

The Budget

ON Monday, April 27th, Mr. Snowden opened his budget. Admittedly his task was a difficult one, and all were glad to see that he was sufficiently recovered to be at his post. The estimates presented to Parliament in March fore-shadowed expenditure on the Supply Services and revenue departments (excluding the Post Office) of £439,000,000; "Other" Consolidated Fund Services could be assessed at £9,000,000; and the National Debt presumably would require the sum of £360,000,000 allocated a year ago by Mr. Snowden, to which a purist would have added the deficit of just over £23,000,000 realised in the financial year 1930–31 just closed. The grand total of all these figures came to £831,000,000.

Against this revenue in 1930–31 yielded £776,000,000. £16,000,000 of this sum represented a special appropriation from the Rating Relief Suspense Account, and only £4,000,000 is available from this source during the coming year. Again, it seemed reasonable to expect a fall of, say, £15,000,000 in the yield of taxes in force in 1930–31, due to the depression in trade. The incidence of these factors reduced the probable revenue for 1931–32 by £27,000,000, but against this must be added the extra revenue accruing from new taxes which, though imposed a year ago, only reach their full fruition during the coming year.

This was estimated roughly a year ago at £13,000,000. The net result seemed to be a reduction in revenue of £14,000,000, making the revenue for 1931–32 upon the old basis of taxation only £762,000,000, and therefore leaving a deficit of £69,000,000. Even though this figure assumed that full and immediate provision would be made to catch up last year's deficit, it remained formidable enough, for even if the need for such provision were neglected, the prospective deficit was still £46,000,000. Moreover, neither figure took account of possible supplementary estimates, such as will very likely be required to finance additional expenditure upon unemployment insurance.

This seemed to be the position when Mr. Snowden opened his budget. He began by reviewing the total bill he had to meet and the resources at his disposal. Supply services and revenue departments absorbed £439,000,000, and "Other" Consolidated Fund Services £9,000,000 as above, but when he came to the requirements of the National Debt, not only did he state that he did not propose to attempt to overtake last year's deficit of £23,000,000, but he said that the receipt during the financial year 1930-31 of £9,000,000 from the German Mobilisation Loan justified him in reducing the total allocation for debt service from £360,000,000 to the normal figure of £355,000,000 fixed by Mr. Churchill. This reduced the total bill he had to meet to £803,000,000. On the revenue side, he estimated that on the basis of existing taxation he would receive a grand total of £766,000,000, his figure thus being slightly more optimistic than that suggested in an earlier paragraph. The net result was that Mr. Snowden in his budget speech reckoned that he was faced with a deficit of £37,000,000.

To meet this deficit, Mr. Snowden has adopted three main devices :—

(*a*) During the war an Exchange Account was established in dollars, to act as a reserve fund behind payments due by the British Government to the United States. After the war this account was kept up so as to ensure that sufficient dollars were always available to provide for the instalments of the American debt as they fell due, and at present it contains £33,000,000. The Hague Reparations Agreement and the establishment of the Bank for International Settlements have modified the position, for arrangements have now been made

for sums due to the British Government in respect of reparations and the French and Italian war debt instalments to be placed to the credit of the British Government at the Bank for International Settlements in dollars. As under the terms of the Balfour Note these sums received by Great Britain are equivalent to the sums due by Great Britain to the United States, the British Government is now automatically provided with all the dollars needed for the discharge of the American debt, and so the Exchange Account is, apart from an emergency and from differences between the dates on which the British Government receives and pays these various sums, no longer needed. Taking all these factors into account, Mr. Snowden proposes to appropriate £20,000,000 from this reserve fund for the purpose of meeting his deficit on the current year.

(*b*) While Mr. Snowden proposes no increase in the rate of income-tax, he has decided that henceforward certain income-tax payers charged under Schedules B, D and E shall lose the right, conceeded to them in 1915, to pay their tax in two equal half-yearly instalments. Instead they shall pay a first instalment of three-quarters of their tax on January 1st next, and the remaining quarter on July 1st. The effect of this is that during the current financial year, these tax-payers will pay five-quarters of their tax (for they still have to pay a half-instalment next July, under the old arrangements). By adopting this device—which Mr. Churchill applied to Schedule A tax-payers in 1927—Mr. Snowden expects to gain a further £10,000,000.

(*c*) Finally, the petrol duty is to be raised from 4d. to 6d. per gallon. This will yield £7,500,000 in the current year, and £8,000,000 in a full year. These three devices yield him the sum of £37,000,000 which he requires to meet his deficit.

While some relief will be felt at his decision to impose no new direct taxation, this relief will hardly be shared in by those affected by the change in the dates at which income-tax is payable. On them the budget in effect imposes this year an increase of 25 per cent in their burden, and it is impossible not to fear that this will have far-reaching effects upon trade in the very year when, as Mr. Snowden himself admits, it is least desirable to do anything detrimental.

Apart from this, Mr. Snowden is clearly running several grave risks. It is true that there is a case to be made out for drawing upon the exchange account, but this postulates that there will be no breakdown in the schedule of reparation payments by Germany, and this is a risk which is not wholly academic. Again, the Chancellor has been optimistic to the point of audacity in his estimates of revenue for the current year, particularly in respect of stamps and income-tax. He has left no margin in hand for supplementary estimates, and few can share his hope, commendable though it is, that he will be able to effect economies as the result of the recommendations of the Economy Committee and the Unemployment Insurance Commission.

Above all, £30,000,000 out of the £37,000,000 he has succeeded in finding this year consists of non-recurrent revenue, or rather not of revenue at all, but of appropriations from reserve. His budget simply postpones the day of reckoning for a year, and as he admitted, unless in the meantime trade revives and (this seems a truer word to use than " or ") substantial economies in national expenditure are effected, the problem will re-occur without the means of escape that this year he has succeeded in finding. Direct taxation, it is true, has reached its limit, but had he resorted to the tried and traditional sources of indirect taxation for part of his needs this year, instead of drawing upon reserves, he would have produced a sounder budget and have found himself in a stronger position a year hence.

The main lesson of the Chancellor's present and future difficulties runs like a thread throughout the whole of his speech. It is the paramount need for economy. He said: " It is in times of prosperity and abounding revenue and of Budget surpluses that we can afford to lessen the intolerable burden of debt, and to liberate resources for schemes of economic and social reform," and later he said, " Any gap which occurs in the finances of the year should be met by economy." These statements should be posted up in every Government Department and lie on the table at every Cabinet meeting. Only by putting them into rigorous practice can Mr. Snowden and the country alike escape from the rival clutches of the Scylla of increased and intolerable taxation and the Charybdis of unsound finance.

(9) Bills of Exchange (a).

FROM time to time reference has been made in this series to bills of exchange. They find their place among a joint-stock bank's assets, and one of the functions performed by British banks to-day is to accept bills on behalf of their customers. Again, the bill of exchange is the key to the London money market, and indeed to much of the mechanism of exchange between Great Britain and foreign countries. Thus the time is now ripe to consider bills of exchange, their various forms, their different origins, and their ultimate destinations, in some detail.

A bill of exchange is an unconditional order in writing given by one person—the drawer of the bill—to another person—the drawee—to pay to him, the drawer, a given sum of money at a given date, which may be "at sight," namely, at the time the drawee has the bill presented to him, or "so many days (or months) after sight." If the drawee agrees to accept the liability thereby imposed upon him, he writes the word "accepted" across the bill, and attests it with his signature and the date of his acceptance. He is then known as the acceptor of the bill. He may also add the name of his bank, and if he does so, it is an intimation that the bill will be paid at that bank.

That is how a bill comes into existence, and the present stage is that the drawer holds the bill, imposing on the acceptor the liability to pay the sum named at it, and the acceptor has engaged to pay that money at a fixed date, which in England is three days after the date on which the money is nominally due, these three days being known as "days of grace." But what good is the physical possession of this bill to the drawer? And to whom will the acceptor have to pay the bill? These are the next questions that must be answered.

A bill of exchange is a claim upon the acceptor, but a claim that does not fall due at once, for in practice the majority of bills are not payable "at sight." Moreover—and this is the essential point—it is a claim that is transferable, the only requirement being that each transferor of the claim represented by the bill must (beginning with the drawer) endorse it with his name on the back of the bill, and by so doing assumes a contingent liability for the bill if the acceptor and other endorsers ahead of him fail to meet it. Thus the drawer of the bill need not hold

it until " maturity " (*i.e.*, the day on which the acceptor has to pay it), but can sell it to some third party for what he can get, and the bill may be sold many times over during its currency; and as each fresh sale means a fresh endorsement, it gains in security each time it changes hands.

The next question is " what price can the drawer (or anyone else) get for a bill? " When anyone buys a bill, what he does is to part with spot cash in exchange for a claim to money at some future date. Obviously he will not in these circumstances pay the full value of the bill as shown on its face. So he deducts a sum sufficient to compensate him (*a*) for the loss of interest on his money during the time that has to elapse before the maturity of the bill; and (*b*) for the risk that the bill will not be paid on maturity. The amount he deducts is known as the " discount," and is usually expressed as a rate per cent per annum. Thus, if he paid £990 for a bill for £1,000 maturing in three months' time, he would be deducting £10 per annum per three months, equal to 1 per cent per three months or to 4 per cent per annum. This is what is meant by the " rates of discount " quoted in the money market where bills of exchange are dealt in. It is important to note that as discount is deducted from the nominal value of a bill, the lower the rate of discount the higher is the price of bills. The exact forces that determine discount rates in the money market will be discussed in a subsequent article.

Sufficient has now been said to show that a bill of exchange serves three purposes.

(*a*) *As a means of obtaining credit.*—It often happens that a seller of goods requires payment at once, whereas the buyer does not wish to pay for three months. The gap can easily be bridged by the seller drawing a three months' bill on the buyer, and then selling it at once to his bank or to anyone else who wishes to buy bills. The seller obtains his cash at once, and the buyer does not have to pay up until the bill matures. The only disadvantage from the seller's point of view is that he does not obtain the full value of the bill, but only the price corresponding to the rate of discount on bills of that class. Still, if instead of drawing a bill and discounting it (*i.e.*, selling it) he borrowed money from his bank in order to bridge the gap, he would have to pay interest on his loan and so would be no better off.

(*b*) *As an investment.*—If a banker, or anyone else, buys a bill at the price corresponding to the current rate of discount and holds it until maturity, he earns a profit on the bill determined

by the rate of discount at which he buys it. Even if he sells the bill before maturity, he will earn a proportionate profit, provided that the rate of discount remains unchanged. If the rate of discount falls before he sells the bill, he will get a better price, and so earn an extra profit, but if the rate rises, he will get a worse price and may incur a loss. In that event, however, he may not have to sell the bill, but will keep it until maturity. In any case, whether it turns out well or badly, bills of exchange represent a profitable way of employing funds, just as are stocks and shares. Thus it is permissible to regard bills as a form of investment. Moreover, unlike most stocks and shares, bills of exchange are self-liquidating, which means that their holder automatically realises them on their maturity, which is due to take place at a fixed and very early date—usually a matter of weeks or months. Thus they are a form of investment peculiarly suitable to bankers and others who are continually having claims to meet and so have to maintain their resources in a liquid condition.

(*c*) *As currency.*—During its term of life, a bill is qualified to act as currency, if only because it represents a claim to money and is free to change hands. In England the main example of a bill acting in this way is that of a cheque which by law is defined as "a bill of exchange drawn on a banker and payable on demand." Abroad, however, and especially in international trade, it is by no means uncommon to find a bill changing hands a dozen or more times, while even to-day certain foreign exchange quotations really relate to bills of exchange drawn in the required currency, as for example, "Rio, ninety days on London."

(*To be continued.*)

Notes of the Month

The Money Market.—Several factors combined to make money extremely stringent at the beginning of April. As usual, applications for Treasury bills due to be paid for during the final three days of March were extremely heavy, as these bills represented the popular end-of-June maturity. These payments took a large sum of money off the market, to which was added the temporary immobilisation of funds caused by a very heavy foreign exchange settlement and the termination of the financial year. Hardly had April opened when the Easter

holidays began, and heavy withdrawals of currency by the public for use during the holidays left the banks short of cash and forced them to call further funds from the money market in order to replenish their resources. As a result the market had to borrow from the Bank of England and so great was the stringency that the Bank was not finally repaid until 14th April. Later in the month, as the Easter currency returned to the banks, money became easier and for a time was almost too plentiful. One reason for this reversal of the position lay in the continuance of the official policy, with which the money market is co-operating, of maintaining discount rates at a minimum level of $2\frac{9}{16}$ per cent. It is not easy to obtain bills at so high a rate, and so business in the discount market is restricted, and less money is needed. Another reason is that much of the American money now over here is no longer being invested in bills but is being placed upon deposit with banks and other houses, and so made available to the money market. Despite this somewhat anomalous position, there seems little reason to expect any relaxation in discount rates, for it is necessary to maintain their present level if the French and American money now in London is not to be withdrawn, with the risk of a reaction in the value of sterling, which might lead to gold losses.

The Foreign Exchanges.—So far sterling has retained its strength, mainly because of the maintenance of high market discount rates alluded to above. The Paris rate, which until a few months ago was the danger-point, has in fact risen above par. Dollars until lately were quoted at a shade under \$4·86, and here there was a narrower margin of safety, for experience has shown that although the Bank of England has lately secured the South African gold on offer in London each Tuesday, it has had at times to bid slightly more than its statutory buying price in order to prevent the gold from going to New York. Recent movements in the Paris and New York exchanges have had the combined effect of making it profitable to ship gold from Paris to New York, and shipments have already begun. From London's standpoint it is reassuring that New York's demands for gold have been diverted to Paris. As regards other exchanges, German marks have remained at a slight premium, and a small quantity of gold was shipped from Paris to Germany, but this operation did not prove profitable and has not so far been repeated. Spanish pesetas fluctuated widely at the time of the

revolution, and South American currencies were also affected. Still the main development of the month has been the depreciation of the franc against sterling and so against other currencies, and consequent initiation of gold shipments from Paris.

The Stock Exchange.—The Easter holidays, budget uncertainties and the appearance of company reports reflecting the disappointing experience of last year combined to depress markets, and the renewed fall in rubber and metal prices had a further adverse effect. Gilt-edged stocks hardly retained their strength, although the gold acquisitions of the Bank of England were regarded as a favourable factor. In the foreign market, South American bonds were affected to some extent by the Spanish revolution, and there was some American offering of Brazilian bonds. Home rails fell heavily on poor traffic returns, and foreign rails were also weak. The industrial market sagged mainly owing to lack of support and to the general factors mentioned above. In the mining market, Kaffirs did not continue their recent advance, and less interest was displayed by the public. Base-metal shares weakened in sympathy with the fall in tin prices. Oil shares have been dull and inactive, and rubber shares were marked down owing to the decline in the commodity. In general, the public have shown no desire to buy, and consequently markets have been inactive and prices weak.

Overseas Trade.—The best that can be said of the March trade returns is that they were no worse than those of the previous month, but as the following figures show, the results for the first quarter of 1931 were most disappointing, especially as the corresponding figures for 1930 were themselves below normal.

Description.	Jan.-Mar. 1930.	Jan.-Mar. 1931.	Increase (+) or Decrease (−).
Total Imports	283·5	209·8	−73·7
Retained Imports	259·0	192·5	−66·5
Raw Material Imports	78·3	46·2	−32·1
Total Exports, British Goods	164·1	103·3	−60·8
Coal Exports	12·7	8·3	− 4·4
British Manufactured Goods, Exports ..	128·3	78·4	−49·9
Re-exports	24·5	17·3	− 7·2
Total Exports	188·6	120·6	−68·0
Visible Trade Balance	−94·9	−89·2	+ 5·7

In some ways the most serious feature of the returns is the heavy fall in raw material imports. To some extent this is due to the decline in prices since a year ago, but this is only a partial explanation, and there has been a contraction in volume as well. Thus, so far, there is no sign of any revival in buying by British manufacturers, and this confirms the view that even if the worst of the trade depression has been reached recovery is proving very slow.

Home Reports

The Industrial Situation

In the middle of April the outlook was not quite so encouraging as in the previous month. Although the fall in prices and the increase in unemployment seemed to have been checked, at home budget uncertainties were reacting unfavourably upon business and the stock market, while abroad such events as the Spanish revolution, the hitch in the disarmament negotiations, the lack of progress in an Indian settlement, and the continued low price of silver were having an unsettling effect. March trade and production statistics failed to give evidence of any real improvement, and it is still more necessary to-day to emphasise the fact that even if the bottom of the depression curve has been reached, progress upwards will in its initial stages be very slow.

Agriculture

England and Wales.—According to an official report, good progress has been made on the land, and autumn crops are of good appearance. Preparations of land for potatoes is well in hand, and some earlies were planted before the end of March. The lamb fall was average.

Scotland.—Sowing and planting are now well under way, and while the cold spell in mid-April has retarded growth, vegetation generally is looking well. In the markets grain has been rather better, and milling oats, owing to scarcity, experienced a sharp rise. Potato prices continue firm. At the leading live stock markets supplies have been rather heavier, but the best qualities have met with a sustained demand.

Coal

Hull.—Supplies of coal for export are limited, and for some qualities are barely sufficient to cover contract commitments. Prices are high.

Newcastle-upon-Tyne.—Firmness was well maintained throughout the first half of April, particularly for Northumberland coal, which remained in good demand, many of the collieries being well sold for forward delivery. Best gas coal is also firm, though there are signs of a slacking off in the demand. Other descriptions, including bunkers, are quietly steady. Gas coke and foundry coke are in good supply, and prices are ruling easier for both descriptions.

Sheffield.—The increased quota has improved the position at most local collieries. Stocks are light, and the scarcity of supplies has adversely affected the export trade. Business in industrial fuels is slack, and household coal in slower request. Prices are firm.

Cardiff.—The undertone is better, and many collieries are better placed than they have been for some little time. The principal demand is for Monmouthshire and other bituminous large coals. Demand for sized coals is also better, but all classes of small coals are easy, and in abundant supply.

Swansea.—Demand for steam coal is still slow, and collieries are finding difficulty in working off their stocks. In the anthracite section business continues to be fairly satisfactory in the higher qualities, particularly in first quality large coals.

East of Scotland.—In Fifeshire navigation coal has met with a good demand, particularly for the better grades, but both steams and washed fuels have been a weak market. In the Lothians navigation coal is somewhat easier, but steams are moving off fairly well.

Glasgow.—The market is in a dull and depressed state owing to a very restricted export trade and a seasonal decline in the home demand for coal for household, gas and

electricity works purposes. Few enquiries are being received by exporters, and efforts are frustrated in many cases by the keenness of competition in Poland.

Iron and Steel

The March production figures were much the same as in February, when allowance is made for the difference in the length of the months. Two fresh hematite furnaces are being blown in on the North-east Coast, but apart from that there is no sign of an improvement.

Birmingham.—Consumptive demand is very small, and manufacturers of finished goods can obtain their supplies at short notice. In consequence there is little disposition to buy forward, or to place orders in excess of current requirements.

Sheffield.—There are no signs of any improvement. The Easter stoppage was considerably prolonged, and the unemployment figures have established a new high record, the present-day figures being a total of 59,300 for Sheffield alone. The open hearth section is stagnant, business being considerably worse than it was twelve months ago.

Walsall.—Some moderate orders from motor firms have put a little life into the malleable trade.

Swansea.—Steel manufacturers continue to have a very poor time, competition from the Continent being still severe. Tinplates are a quiet market at about 15s. to 15s. 3d. per basis box f.o.b.

Glasgow.—Business with overseas markets shows little sign of broadening out notwithstanding that a seasonal improvement in the demand is expected at this time of the year, and that stocks are known to be at a low level. Home buying is of a hand to mouth character. Makers of heavy steel, tubes, sheets, wrought iron and re-rolled steel are much in need of orders. A considerable proportion of the plants in the West of Scotland is at a standstill, and mills in operation are only kept going with difficulty.

Engineering

The outlook is not quite so good as a month ago. Few of the inquiries received in March have developed into orders, and work in hand has diminished in volume.

Birmingham.—The heavy engineering trade remains depressed, but the electrical section is comparatively busy, with a slightly improved home demand. Motor car and accessories manufacturers are occupied with the season's programme, and, on the whole, are doing fairly well. The busiest section appears to be that of manufacturers of small machine tool specialities.

Coventry.—In the motor section some little improvement is shown in the commercial vehicle trade, but otherwise business is very quiet. The motor cycle trade is poor, but the pedal cycle trade is reported to be better. Machine tool makers have noticed that there is some small increase in enquiries. The electrical engineering trade continues to be active.

Luton.—The motor car industry and both light and heavy lorry trades report business to be quite good. Hydraulic engineering is very quiet and orders slow. Trade in the iron foundries appears to be picking up slightly, as there are signs of more activity than of late in the building trade. Boiler-makers can see very little sign of improvement.

Sheffield.—In the general engineering most firms are working much below capacity and forward enquiries are not encouraging. Certain sections of the tools trade have shown signs of improvement. Engineers' small tools are in good demand, the sale of farm and garden tools has increased, and the file trade has benefited by contracts from the British Government and the Indian State Railways. Export business remains quiet.

Glasgow.—The marine engineering trade is suffering severely from the depression in the Clyde shipbuilding industry. The monthly records of the output of tonnage at Clyde yards are poor, and the scarcity of new orders is a source of much anxiety to shipbuilders.

Metal and Hardware Trades

Birmingham.—Most of the mills are working short time, and the demand for finished products is quite insufficient. Overseas trade remains exceedingly quiet.

Sheffield.—The demand for cutlery, chiefly the medium priced lines, has improved during the past month, but there is still an absence of big business. Exports, especially to Australia, are at the lowest level for years past. Manufacturers of safety razor blades, particularly the better qualities, report increasing business. The silver trade has failed to benefit by the low price of silver, which has not stimulated buying and has depreciated the value of the stock of finished goods.

Swansea.—The base metals industry continues in a deplorable state, and little improvement can be hoped for while prices remain at their present level.

Cotton

Liverpool.—The improvement in conditions reported last month proved to be only short-lived, and markets have relapsed into a dull and featureless state. Sales on the spot have been appreciably lower in volume, and the market generally has been very disappointed in its expectations of increased business as the result of the Indian negotiations. The trade outlook continues poor the world over apart from Japan, where yarn and cloth sales have recently improved. On the other hand, the figures of consumption of cotton by mills in the United States continue unsatisfactory, and at 3,391,000 bales for the period from August to March show a reduction of nearly one million bales as against those for the corresponding period of last season. Reflecting these conditions, and upon generally favourable weather news in the U.S. Cotton Belt together with increasing doubts regarding an adequate reduction of acreage, quotations have given way from ¼d. to ½d. per lb. Brazilian and Peruvian growths have been in reduced demand, but there has been a fairly good turnover in Egyptian and Sudan growths.

Wool

Bradford.—With values of raw materials on a more satisfactory basis a fair amount of business has been transacted

during the last month. For March the turnover of the Bradford Conditioning House was the largest since 1929. A real revival, however, depends upon a narrowing of the gap between wholesale and retail prices, for whilst to-day wool values are very much below those of pre-war, working-class clothing is still costing double that of pre-war.

Huddersfield.—There is little change in the worsted section. Manufacturers will start showing for Summer early in May, and they should then be able to feel the pulse of the market, but prospects are not encouraging. The slight improvement in the woollen cloth industry has been maintained, but manufacturers are finding it most difficult to keep their machinery employed.

Leicester.—A more confident tone is apparent among spinners.

Hawick.—The Border tweed trade remains dull and it is estimated that not more than 40 per cent. of the loom capacity is at present employed. Spring repeats are practically exhausted and orders for next Winter are coming in very spasmodically. The best makes of fine Botany worsteds are in most request and the bulk of the orders are for leading merchant houses in London and for Central Europe. The hosiery trade is only fair, and the demand for knitted woollen goods for outdoor wear, which is usually a feature at this season, is much below normal. Spinners are in an even worse way than manufacturers, while dyers could cope with a good deal more work.

Other Textiles

Belfast.—Demand for Irish flax has improved and prices are higher. Soviet sellers have withdrawn from the market after their recent large bulk sales. There is a good demand for yarns, some forward orders having been placed for delivery up to the end of the year, and spinners are beginning to secure business on their own terms. Weavers are also more active, and trade in dress linens is expanding.

Dunfermline.—Numerous fresh enquiries are coming, particularly from the United States, but business still falls short of expectations, and prices have shown hardly any upward movement despite the increasing cost of the raw material. The

Soviet have now withdrawn as sellers, and spinners have experienced difficulty in getting certain qualities for mixing purposes.

Dundee.—With the hardening of raw jute prices, spinners have raised their quotations, and this has greatly restricted business.

Clothing

Bristol.—The Easter trade did not come up to expectations, as the season was early, and the weather not too favourable. There are, however, signs of an improvement, and busier times are being anticipated between now and Whitsuntide.

Leicester.—There is some improvement in the home demand for hosiery, and there is rather more confidence in the trade, probably on account of the advance in the price of wool. There is a fair demand in the underwear section.

Leather and Boots

Bristol.—The leather trade is quiet. The boot and shoe trades are a little more active, and employment has also improved slightly. Short time, however, is still being worked at most of the factories.

Leicester.—There is a better demand for boots and shoes, patent and reptile descriptions being the most popular.

Northampton.—The price of leather remains fairly stable. There is a slight improvement in demand. Export trade has been a little better. The boot and shoe trade is uneven. Some firms are at present doing well, but others complain of lack of trade. A few useful orders have been received for summer and sports shoes in anticipation of the Whitsun trade. The county towns continue to be well placed.

Walsall.—No material change has taken place in the condition of the tanning industry, but prices are firm. There is a slight improvement in the fancy leather trade, but glove manufacturers are still very depressed.

Shipping

Hull.—There is little demand for tonnage, and rates generally rule easy.

Liverpool.—Rates for outward coal freights show little change from the low levels prevailing for some time, but tonnage for grain cargo came into better demand with up to 20s. per ton quoted for April/June loadings from the River Plate.

Newcastle-upon-Tyne.—The market is bare of orders. Tonnage is in good supply, and rates, if anything, are moving in merchants' favour.

Edinburgh.—About twenty vessels were on loading turn at the Forth coaling ports towards the end of April. The volume of trade at the port of Leith has shown some slight improvement lately, but figures are in most cases below those of last year, particularly as regards coal shipments, and until there is some expansion in the Baltic trade very little real improvement can be looked for.

Glasgow.—Chartering of tonnage to load coal at Scottish ports is very restricted.

Foodstuffs

Bristol.—Butter and cheese have been selling at lower prices than have been recorded for many years, but even so demand is still restricted. The approach of the budget stimulated a better demand for sugar, and the outlook here is thought to be a little brighter.

Liverpool.—There has been a distinctly stronger market in wheat, and quotations at one time recorded a rise of 6d. per cental. The better tone has been mainly due to firmer markets in North America, and large purchases by several Continental countries, where, notably in France and Germany, domestic supplies have fallen very low. Nevertheless, in grain trade circles the improvement in quotations is regarded as only temporary in view of the heavy stocks remaining in all exporting countries, and the impending appearance on the

markets of this year's early crops. The U.S. winter wheat crop, which is harvested in June, promises a yield substantially over the average, but, according to its present intentions the Farm Board is to give no support to this crop. This is not surprising in view of the magnitude of the Board's existing holdings. Maize, on a good local and continental demand, and the low level of stocks in this country, was a firm market. Large arrivals of new crop plate are expected shortly, and in view of the record crop in Argentina, and the low prices now current, a good season's trade is anticipated. Continental bacon was in rather less supply, with consumption good, and prices advanced sharply; American bacon and hams were steady, and prices a little higher. Lard was a shade easier, with demand only moderate. The butter and cheese market was very slow, and prices declined. In the canned goods section, meats were a poor trade at unchanged prices. Canned fruits were unaltered, and dried fruits showed improved values.

Fishing

Lowestoft.—Wet fish landed in Great Britain during the quarter ending 31st March, 1931, amounted to 185,000 tons, valued at £3,957,000, as compared with 191,000 tons to the value of £4,169,000 in the corresponding quarter of 1930. A new development, begun by the enterprise of Lowestoft and Yarmouth drifter owners, was the opening up of Ayr as a herring-fishing port. A shortage in the Norwegian supplies gave encouragement to those engaged in this project.

West of England.—In Torbay landings for the past month have been light, and prices have not been up to the usual standard. In Mounts Bay good catches of mackerel have been made by the Lowestoft fleet fishing out of Newlyn during the past month; the quantity of fish landed is well up to the average of previous years and prices have been well maintained. The local boats, engaged in long lining, have not been very successful, owing to the unsettled weather conditions. More foreign trawlers are using the port than formerly, and their increased numbers are reflected in the quantity of fish landed, which tends to keep the price down, to the detriment of the local boats.

Scotland.—Fleets are at present almost entirely engaged on the line fishing. Supplies generally have hardly been up to average, and with a steady demand prices have kept firm.

Other Industries

Carpet-making.—Last month Kidderminster reports makers of Spool Axminsters to have been busiest, but trade is very variable. There is a further falling off in exports to Australia owing to the continued difficult financial situation.

Chemicals.—Business is slow, with no definite sign of improvement.

Paper making and Printing.—There is not much change in the Edinburgh paper making industry, and while home demand remains steady the decline in export business is adversely affecting many of the mills, and short time is very general. The printing trade is moderate, for while the Spring publishing season is now over, commercial houses have a fair number of Spring orders in hand.

Pottery.—Business is a little better, but is still very limited.

Timber.—March trade in Hull was fairly good for building timbers, and there was some demand from the railways. The case trade is dull. Mills are fairly busy with planing and moulding orders, but activity is below the average. Prices are depressed owing to the large quantity of unsold Russian timber lying on the Humber, and there is very little forward buying. The Swedes and Finns have only sold very lightly for the coming season, and show signs of weakening in their prices, so as to compete with Russian goods.

Dominion Reports

Australia

From the National Bank of Australasia Limited.

Good rains have lately fallen, and favourable pastoral conditions during the coming winter have been ensured. Wool

is realising higher prices and the outlook for the grower is much improved. The general depression has become more severe and apart from political uncertainties no improvement is expected so long as wheat, butter and metal prices remain at their present low level.

Canada

From the Imperial Bank of Canada.

The seasonal revival in building and other industries has made further progress, but there is no improvement in business apart from this, and even the building trade is much less active than at this time last year. Unemployment is still a serious problem, and difficulties continue in the pulp and paper industries. World wheat prices are still very low, and as in many sections of the Western Provinces only wheat growing can be successfully conducted, agriculture remains very depressed.

India

Bombay mill reports state that early in March raw cotton prices fell, but that since then the market has become steadier. Demand for Manchester goods was only slightly better, and the increase of 5 per cent in the import duty has checked orders. Good clearances of local goods are reported, and Rangoon reports that during March big sellers of rice refused to sell for nearly three weeks. Prices were still weak, markets dull, and stocks of rice and paddy large. The timber market was perhaps a little steadier with more inquiries from Europe, but orders were few in number. Sales of hardware were limited, and dealers experienced great difficulty over their collections. There seemed every likelihood that they would have to curtail drastically their activities.

Irish Free State

The weather has been mild and seasonable, and farm work is well advanced. Livestock have improved greatly in condition during the past few weeks. Fairs and markets are fairly active

with a preference for small weight beasts of choice description. There is a big increase in the number of sheep and lambs on offer, but demand remains steady.

Foreign Reports

France

From Lloyds & National Provincial Foreign Bank Limited

The adverse visible trade balance for the first quarter of 1931 was 3,404 million francs, against 2,320 millions in 1930. Imports have declined by 2,195 million francs and exports by 3,279 millions. The Bourse remains dull and inactive, owing to the uncertain business outlook, to difficulties encountered by certain banks connected with one of the principal air transport companies and to the existence of large bear positions. The public are mainly buying bonds and debentures.

Bordeaux.—The wine market is unchanged. The rosin market remains firm. Stocks are reduced, and prices for the moment are high. The present level of prices, however, is not expected to be maintained.

Le Havre.—French and Brazilian coffee prices have again fallen, the decline being in sympathy with the course of the Brazilian exchange. Near positions are the weakest. Raw cotton prices fell by 20 points during March. Home consumption was below the level of last season.

Lille.—The cotton trade is unsettled owing to ignorance as to the future policy of the American Federal Farm Board. The yarn market is inactive and business extremely difficult. Flax prices are unchanged. The Soviet organisations have sold so far 47,000 tons of flax and are believed to have another 15,000 to 20,000 tons in hand. The Textile industries of this area are now discussing the question of wage reductions with the Trade Union representatives.

Roubaix.—Wool combers are now well employed, and spinners, especially of hosiery yarns, have a fair number of orders in hand. In the weaving section much short time was still being worked in April, but an improvement is expected in May

when the new season opens. Unemployment is a little less severe, but the wage reduction question with the possibility of labour troubles is causing some anxiety.

Marseilles.—Though olive oil prices have lately become a little weaker, the market has been fairly active. Producers expect that they will be able to resist any further attempts to reduce prices.

Belgium

From Lloyds & National Provincial Foreign Bank Limited

Brussels.—There has been a small improvement in the iron and steel trades, and prices of semi-finished and finished products are a little better. The coal industry is still depressed, and stocks are increasing in spite of the restricted production. Most firms in the textile industries are having to work short time. On the stock exchange prices of industrial shares are very weak.

Germany

From the Bank of British West Africa Limited

The outlook is perhaps a little better. Unemployment fell during March from 4,980,000 to 4,756,000, and exports rose from Mks. 733 millions in February to Mks. 822 millions in March, those of finished goods alone increasing by Mks. 71 millions. Imports were reduced from Mks. 620 millions to Mks. 584 millions, so that in March there was a favourable trade balance of Mks. 218 millions. The turnover of the Steel Trust for the first quarter of 1931 was Mks. 30 millions below that of the previous quarter, and Mks. 250 millions below that of the last quarter of 1929, but the volume of orders in hand seems to have stabilised. Were it not for the uncertainty as to the cash requirements of the Government in the near future, money conditions are now favourable for a reduction in the Reichsbank rate.

Holland

The Unilever report caused some disappointment, as profits had not risen in proportion to the increased capital, but

results returned for 1930 by many smaller concerns are under the circumstances fairly good. It is now being realised, however, that the income accruing from sugar and rubber companies in the Dutch East Indies will show considerable reductions on last year, and this is causing some despondency. In Holland, industry has lately become rather more active, wholesale prices have begun to stabilise, raw material imports are now a little better, and there has been a slight seasonal improvement in employment. Any real improvement, however, is contingent upon a general world revival.

Norway

The decision of the Norwegian Whalers' Association to discontinue whaling over the whole of next season caused some perturbation in the share market at first, but prices subsequently rallied. Some anxiety is being felt at labour troubles which in the week after Easter culminated in a general lock-out of 80,000 workers. Both the wood-pulp and timber trades are affected, and these will react upon export business, especially as Sweden and Finland are now increasing their production of planed wood.

Sweden

Kreuger & Toll's results for the past year were considered to be surprisingly good. The timber and wood pulp trades are still inactive. Timber sales for 1931 have so far amounted to only 165,000 standards, but heavier sales are expected during the next few months. The restriction of wood pulp production began in April in accordance with the terms laid down by the International Cartel.

Denmark

Unemployment was reduced from 75,600 to 64,000 during March, but early in April it was feared that labour differences would end in a lock-out. Prices of agricultural produce are now extremely low, and one cause is said to be the growth of British Empire competition in the English market. The Danish

Mortgage Bank has made arrangements with the Stockholm Enskilda Bank, Stockholm, for the issue of a new series of bonds amounting to kr. 30,000,000. These carry interest at a rate of $4\frac{1}{2}$ per cent, and repayment is spread over the period 1936-71.

Switzerland

From Lloyds & National Provincial Foreign Bank Limited

Business conditions are a little better, and there is a belief that the lowest point of the depression has been reached. The March trade returns were better than those of February, and with the advent of spring the building industry has resumed work. Unemployment is a little less severe. On the Bourse, refunding operations continue to develop, and the bond market remains active.

Spain

The establishment of the Republic has brought new forces to bear upon Spain's problems, among which the Catalan separatist movement is prominent. General rains have saved the country from the menace of drought and have relieved the labour situation, especially in the South. The raising of the French customs duty upon wine from frs. 55 to frs. 84 per hectolitre has dealt a heavy blow to the Spanish wine industry. The results of Spain's participation in the exhibition at Tampa, Florida, are regarded as highly satisfactory.

Morocco

From the Bank of British West Africa Limited

Good rains have fallen and the improved crop prospects have made the business outlook more cheerful. At the moment the locust menace is negligible. Cotton goods from England are in better request, though the general restriction of purchasing power leads to a demand for cheap imitations of British goods.

The United States

Apart from a certain amount of activity at Easter, business shows no sign of improvement. The steel industry is perhaps a little more active, with mills working at nearly 55 per cent of capacity and March output a little above that of February, but automobile production for the first quarter was 30 per cent below the corresponding 1930 figure and 50 per cent below that of 1929. Business in copper has been slow, and prices of other non-ferrous metals have fallen away. Cotton crop reports are very indefinite, but there is a general impression that there will be an acreage reduction of about 10 per cent. Sales and shipments of cotton cloths continue to exceed production, and stocks were reduced in March by 14·3 per cent.

South America

From the Bank of London & South America Limited

Buenos Aires.—The British Empire Trade Exhibition has proved the outstanding feature of the season. Exhibitors have reported many inquiries and it is known that orders have exceeded expectations. Previous reports of the excellent yield and condition of the maize crop are confirmed.

Montevideo.—The cattle market is active, but prices are low. The wool clip has been almost entirely disposed of at higher prices.

Bogota.—The commercial and financial situation remains unchanged. The drought has not yet broken, but coffee crop prospects are bright, and current prices are satisfactory.

Japan.

March imports totalled yen 127,000,000 and exports yen 96,000,000. The cessation of raw silk production during March has had a good effect, but the disposal of stocks held under the guarantee scheme has been temporarily postponed in view of existing market conditions. Cotton spinners are in favour of increasing production in order to meet imports of Chinese yarns.

Banking

1. BANK OF ENGLAND

Date.	Issue Department.		Banking Department.				
	Gold.	Notes in circulation.	Reserve and Proportion.		Bankers' Deposits.	Govt. Securities.	Discounts & Advances
	£ mn.	£ mn.	£ mn.	Per cent.	£ mn.	£ mn.	£ mn.
1930.							
April 23 ..	*162·9*	*362·2*	*61·6*	*51·7*	*66·0*	*58·0*	*6·8*
1931.							
April 1 ..	144·5	357·1	48·3	43·6	58·8	30·3	24·6
April 8 ..	146·1	358·9	48·1	46·5	59·5	33·4	10·9
April 15 ..	145·3	354·4	51·8	49·4	61·2	34·3	8·4
April 22 ..	145·9	348·4	58·3	56·0	54·8	30·9	6·0

2. TEN CLEARING BANKS

Date.	Deposits.	Acceptances.	Cash.*	Call Money.	Bills.	Investments.	Advances.
	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.
1930.							
March	*1,719·3*	*159·3*	*235·6*	*134·7*	*183·6*	*240·4*	*990·8*
October	1,827·7	116·4	239·7	145·2	297·9	272·1	938·8
November ..	1,838·0	116·3	238·1	138·9	311·4	279·9	935·4
December ..	1,875·8	117·5	261·5	144·0	321·5	284·7	928·7
1931.							
January	1,873·3	115·0	243·7	144·3	329·7	296·9	923·9
February	1,819·6	121·4	233·7	115·9	301·2	309·4	924·9
March	1,763·9	121·5	227·5	114·1	240·4	311·1	936·1

* Includes balances with other banks and cheques in course of collection.

3. LLOYDS BANK, RATIO OF CURRENT ACCOUNT CREDIT BALANCES TO TOTAL DEPOSITS

Year.	Ratio.	Month.	Ratio.		
			1929	1930	1931
			%	%	%
1902	58·2	January	46·8	45·1	45·9
1914	49·9	February	45·9	44·2	45·1
1919	60·7	March	45·2	44·5	45·3
1920	56·7	April	44·9	45·1	
1921	50·7	May	44·1	44·0	
1924	51·0	June	44·5	44·4	
1925	49·6	July	45·4	44·7	
1926	48·6	August	45·3	44·4	
1927	47·4	September	45·3	44·7	
1928	46·4	October	45·6	44·8	
1929	45·2	November	44·7	44·8	
1930	44·7	December	45·3	46·0	

Money, Exchanges and Public Finance

1. LONDON AND NEW YORK MONEY RATES

Date.	London. Bank Rate.	London. 3 Months' discount Rate.	London. Day-to-day Loans.	New York. Re-discount Rate.	New York. 90 Days' eligible Bank acceptances.	New York. Call Money.
	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.
1930.						
April 23 ..	*$3\frac{1}{2}$*	*$2\frac{9}{16}$*	*$1\frac{3}{4}$—$2\frac{1}{2}$*	*$3\frac{1}{2}$*	*$3\frac{1}{8}$*	*4*
1931.						
April 1 ..	3	$2\frac{9}{16}$—$\frac{5}{8}$	2—$2\frac{1}{2}$	2	$1\frac{5}{8}$*	$1\frac{1}{2}$*
„ 8 ..	3	$2\frac{5}{8}$	2—$3\frac{1}{2}$	2	$1\frac{5}{8}$	$1\frac{1}{2}$
„ 15 ..	3	$2\frac{1}{2}\frac{1}{2}$—$\frac{5}{8}$	2—$2\frac{1}{2}$	2	$1\frac{5}{8}$	$1\frac{1}{2}$
„ 22 ..	3	$2\frac{9}{16}$	$1\frac{1}{2}$—2	2	$1\frac{1}{2}$	$1\frac{1}{2}$

* March 31.

2. FOREIGN EXCHANGES

London on	Par.	1930. Apr. 23.	1931. Apr. 1.	1931. Apr. 8.	1931. Apr. 15.	1931. Apr. 22.
New York ..	\$4·866	$4·86\frac{7}{32}$	$4·85\frac{29}{32}$	$4·85\frac{31}{32}$	$4·85\frac{7}{8}$	$4·85\frac{15}{16}$
Montreal ..	\$4·866	$4·86\frac{1}{2}$	$4·86\frac{1}{16}$	$4·86\frac{1}{8}$	$4·86\frac{1}{16}$	$4·86\frac{3}{16}$
Paris	Fr. 124·21	123·94	124·19	$124·23\frac{1}{2}$	124·27	124·28
Berlin	Mk. 20·43	20·37	$20·40\frac{1}{4}$	20·40	$20·40\frac{1}{2}$	$20·40\frac{3}{4}$
Amsterdam ..	Fl. 12·11	$12·08\frac{1}{8}$	$12·12\frac{1}{4}$	12·12	$12·10\frac{7}{8}$	$12·10\frac{5}{8}$
Brussels ..	Bel. 35	34·83	$34·94\frac{1}{2}$	$34·92\frac{1}{2}$	34·95	$34·95\frac{1}{4}$
Milan ..	Li. 92·46	$92·75\frac{1}{2}$	92·78	92·82	$92·79\frac{1}{2}$	92·78
Berne	Fr. $25·22\frac{1}{8}$	$25·08\frac{1}{4}$	$25·25\frac{1}{2}$	$25·22\frac{5}{8}$	$25·22\frac{5}{8}$	25·23
Stockholm ..	Kr. 18·16	18·09	$18·15\frac{3}{8}$	$18·15\frac{1}{4}$	18·15	$18·14\frac{1}{4}$
Madrid ..	Ptas. $25·22\frac{1}{2}$	$38·94\frac{1}{2}$	$44·37\frac{1}{2}$	$44·20\frac{1}{8}$	46·50	48·70
Vienna	Sch. $34·58\frac{1}{2}$	34·50	34·55	$34·55\frac{1}{2}$	$34·54\frac{1}{2}$	34·55
Prague	Kr. 164·25	$164\frac{1}{16}$	164	$163\frac{15}{16}$	$164\frac{1}{16}$	$164\frac{1}{16}$
Buenos Aires ..	47·62d.	$43\frac{11}{64}$	$39\frac{1}{16}$	$39\frac{1}{16}$	$39\frac{1}{32}$	$36\frac{5}{8}$
Rio de Janeiro ..	5·89d.	$5\frac{13}{16}$	$3\frac{21}{32}$	$3\frac{5}{8}$	$3\frac{19}{32}$	$3\frac{17}{32}$
Valparaiso ..	Pes. 40	39·92	39·95	39·96	39·94	39·95
Bombay ..	18d.	$17\frac{25}{32}$	$17\frac{7}{8}$	$17\frac{27}{32}$	$17\frac{27}{32}$	$17\frac{27}{32}$
Hong Kong ..	—d.	$18\frac{1}{2}$	$12\frac{3}{16}$	$11\frac{15}{16}$	$12\frac{3}{32}$	12
Shanghai ..	—d.	$23\frac{3}{8}$	$15\frac{1}{4}$	15	$15\frac{1}{2}$	$15\frac{1}{4}$

3. PUBLIC REVENUE AND EXPENDITURE

Revenue.	To Mar. 31, 1931.	To. Mar. 31, 1930.	Expenditure.	To Mar. 31, 1931.	To Mar. 31, 1930.
	£ mn.	£ mn.		£ mn.	£ mn.
Income Tax ..	256·0	237·4	Nat. Debt Service	293·2	307·3
Sur-Tax	67·8	56·4	Local Taxation a/c payments	—	13·3
Estate Duties ..	82·6	79·8	Northern Ireland payments	6·4	5·5
Stamps	20·6	25·7	Other Cons. Fund Services	2·9	3·3
Customs	121·4	119·9	Supply Services	429·8	371·6
Excise	124·0	127·5	Ordinary Expenditure ..	732·3	701·0
Tax Revenue ..	681·3	654·7	Sinking Fund	66·8	47·7
Non-Tax Revenue	94·6	79·5	Self-Balancing Expenditure	81·9	80·8
Ordinary Revenue	775·9	734·2			
Self-Balancing Revenue	81·9	80·8			

Trade

1. PRODUCTION

Date.	Coal.*	Pig-Iron.	Steel.
1930.	Tons mn.	Tons thou.	Tons thou.
March	*5·4*	*666*	*826*
October..	4·7	415	513
November	4·9	384	434
December	4·6	350	337
1931.			
January	4·4	337	402
February	4·8	318	486
March	4·5	357	500

* Average weekly figures for month.

2. IMPORTS

Date.	Food.	Raw Materials.	Manufactured Goods.	Total.
1930.	£ mn.	£ mn.	£ mn.	£ mn.
March	*40·0*	*24·1*	*28·1*	*93·4*
October	44·1	18·1	27·7	90·9
November	40·6	16·5	21·6	79·4
December	44·4	20·6	23·8	89·6
1931.				
January	36·2	17·9	20·4	75·6
February	30·0	13·3	19·5	63·6
March	32.6	15·1	22·3	70·7

3. EXPORTS

Date.	Food.	Raw Materials.	Manufactured Goods.	Total.
1930.	£ mn.	£ mn.	£ mn.	£ mn.
March	*4·0*	*5·9*	*42·5*	*53·9*
October	4·4	5·3	35·9	46·9
November	4·8	4·7	32·7	44·1
December	3.5	4·7	27·6	38·5
1931.				
January	3·7	3·7	28·7	37·6
February	2·8	3·8	24·0	31·8
March	3·0	4·1	25·6	34·0

4. UNEMPLOYMENT

Date.	1926.	1927.	1928.	1929.	1930.	1931.
	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.
End of—						
January ..	11·0	12·0	10·7	12·2	12·6	21·5
February ..	10·4	10·9	10·4	12·2	13·1	21·7
March ..	9·8	9·8	9·5	10·1	14·0	21·5
April ..	9·1	9·4	9·5	9·9	14·6	
May ..	14·3	8·7	9·8	9·9	15·3	
June ..	14·6	8·8	10·7	9·8	15·4	
July.. ..	14·4	9·2	11·6	9·9	16·7	
August ..	14·0	9·3	11·6	10·1	17·1	
September ..	13·7	9·3	11·4	10·0	17·6	
October ..	13·6	9·5	11·8	10·4	18·7	
November ..	13·5	9·9	12·1	11·0	19·1	
December ..	11·9	9·8	11·2	11·1	20·2	

Percentage of Insured Workers.

Prices

1. WHOLESALE PRICES (average for month)

Date.	Index Number (1928–9 average = 100).				
	U.K.	U.S.A.	France.	Italy.	Germany.
1930.					
March	*89·2*	*93·5*	*90·1*	*89·5*	*91·0*
October	78·4	85·1	83·5	79·2	86·5
November	78·0	83·8	81·9	77·7	87·0
December	75·6	82·0	80·2	75·6	84·8
1931.					
January	73·9	80·0	79·2	74·1	82·8
February	72·5	78·4	78·9	73·3	82·2
March	72·4	78·2	78·5	73·0	82·1
March, 5th week	72·3	77·6	78·4	72·8	81·9
April, 1st week	72·3	77·4	78·7	72·4	81·8
April, 2nd week	72·2	76·8	—	72·1	82·0
April, 3rd week	72·3	76·2	—	72·2	82·0

Sources: U.K., "Financial Times"; U.S.A., Irving Fisher; France, Statistique Générale; Italy, Italian Chamber of Commerce; Germany, Statistische, Reichsamt.

2. RETAIL PRICES (end of month)

Date.	Food.	Rent (including rates).	Clothing.	Fuel and Light.	Other items included.	All items included.
1930.						
March ..	*43*	*52*	*110—115*	*75*	*80*	*57*
October ..	44	53	105—110	70—75	75	57
November ..	41	54	105	75	75	55
December ..	38	54	105	75	75	53
1931.						
January ..	36	54	100—105	75	75	52
February ..	34	54	100	75	75	50
March ..	29	54	100	75	75	47

The figures represent the percentage increase above July, 1914, which is equal to 100.

3. COMMODITY PRICES (average for month)

Date.	Wheat, No. 1 N. Manitoba.		Cotton, American Middling.	Wool, 64's tops avge.	Pig Iron, Cleveland No. 3.		Tin, Standard Cash.	Rubber, Plantation Sheet.
1930.	Per qr.		Per lb.	Per lb.	Per ton.		Per ton.	Per lb.
	s.	d.	d.	d.	s.	d.	£	d.
March ..	*43*	*10½*	*8·24*	*26¼*	*70*	*6*	*165*	7⅛
October ..	31	9	5·81	24⅝	63	6	117 9/16	3⅞
November ..	30	1	6·07	24	63	6	113 9/16	4⅛
December ..	27	3	5·41	22½	63	6	111⅝	4⅛
1931.								
January ..	26	6	5·42	21¼	59	6	115⅞	4⅛
February ..	28	0	5·86	22	58	6	118	3⅞
March ..	27	7	5·99	25¼	58	6	121 11/16	3⅞